GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7181
ANSWERED ON:13.05.2005
IMPLEMENTATION OF RECOMMENDATIONS OF NINTH FINANCE COMMISSION
Satpathy Shri Tathagata

Will the Minister of FINANCE be pleased to state:

(a) whether the Ninth Finance Commission was of the view that the solution to the problem of public debt lay in borrowed funds not being used for financing revenue expenditure (ii) being used efficiently and productively for capital expenditure so as to either earn returns or increase the productivity of the economy;

(b) if so, whether this recommendation of Ninth Finance Commission was implemented fully;

(c) if not, the reasons therefor; and

(d) the steps taken by the Government for use of finance efficiently and productively so as to earn returns or increase the productivity of the economy?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) :

(a) Yes, Sir.

(b) No, Sir.

(c) States revenue deficit as a percentage of their fiscal deficit went up from 18.5% in 1993-94 to 51.1% in 2003-04 (RE) on account of, amongst others, adoption of Vth Pay Commission recommendations, higher borrowings on unproductive investments and increasing pension expenditure.

(d) Government of India has accepted recommenda tions of Twelfth Finance Commission for Debt Consolidation and Relief Facility which makes it conditional for States to adopt fiscal responsibility law providing for eliminating revenue deficit to zero by 2008-09.